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20 May 2019

Iofina plc
("Iofina", the "Group", or the "Company")
(LSE AIM: IOF)

Conditional Placing, Subscription and Open Offer to raise gross proceeds of up to £7.5 million

Notice of Annual General Meeting

Iofina, specialists in the exploration and production of iodine and manufacturers of other halogen-based derivatives at its specialty chemical company, today announces a proposed conditional placing, subscription and open offer (together the "Fundraising") to raise gross proceeds of up to £7.5 million at 16 pence per share.

The net proceeds of the Fundraising will enable Iofina to accelerate its plant upgrading programme, which in turn will increase iodine production and sales, as well as reduce the Company's debt.

The Directors intend that the net proceeds of the Fundraising will be used primarily for the following purposes:

- Accelerate the development and construction of the IO#8 iodine processing plant;
- Extinguish the Company's \$3.26m term loan facility;
- Complete upgrades at its other plants, which will increase iodine production; and
- Investment in new product development at Iofina Chemical.

In connection with the Fundraising, one of the Company's secured lenders, Southern Rock Insurance Company Limited ("SR"), has agreed, subject to the passing of the Resolution approving the issue and allotment of the Placing Shares and the Subscription Shares (the "Condition"), to convert 75 per cent. of the total debt owing to it under the Loan Notes 2020 into ordinary shares in the capital of the Company (the total debt amounting to approximately US\$5,592,986). Subject to the Condition being satisfied, the amount which shall be converted by SR is approximately US\$4.19 million, and the conversion will be effected by the issue by the Company to Southern Rock of the Debt for Equity Shares at the Issue Price.

The Directors are unanimous in wanting to ensure that all of the Company's existing shareholders have the opportunity to participate in the Fundraising. The Directors scaled back the potential proceeds of the Placing to ensure our shareholders could participate in the Fundraising in a meaningful way, specifically given that some of our shareholders have been with us from the start of our publicly quoted journey. Therefore, comprised within the Fundraising, is the Open Offer. The Company is providing all Qualifying Shareholders with the opportunity to subscribe for Open Offer Shares, to raise up to approximately £2.04 million (before expenses). Shareholders subscribing for their full entitlement under the Open Offer may also request further Open Offer Shares through an Excess Application Facility. The Open Offer will not be underwritten. The net proceeds of the Open Offer receivable by the Company will be utilised to further support the Group's strategic plan.

The terms and conditions of the Open Offer, including the Excess Application Facility, are set out in the Circular to Shareholders, which also includes a notice convening the 2019 Annual General Meeting. The Circular sets out the reasons for, and provide further information on, the Fundraising, to explain why the Board considers the Fundraising to be in the best interests of the Company and Shareholders as a whole and why the Directors unanimously recommend that Shareholders vote in favour of the Resolutions. The Circular will be dispatched today and will also be available at this time on the Company's website at www.iofina.com

The Placing and Subscription is conditional, inter alia, on the approval of the relevant Resolution by Shareholders at the Annual General Meeting to be held at 9.00 a.m. on 13 June 2019 at Dartmouth House, 37 Charles Street, Mayfair, London W1J 5ED and on the Admission of the Placing Shares and the Subscription Shares to trading on AIM. The Open Offer is conditional, inter alia, on the Placing and the Subscription. It is expected that Admission will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 14 June 2019.

Commenting, President and CEO Dr. Tom Becker stated: *“Given complex market conditions, we believe that it is in the best interests of shareholders as a whole to conclude this oversubscribed placing. The Directors have been vocal and unwavering in that our supportive and current shareholders have the opportunity, through the Open Offer, to participate in this fundraising and allow all investors to partake in the company’s bright future.*

“The strengthening iodine prices and demand makes it an opportunistic time to execute on our expansion plans. We have identified areas for growth and will utilise the new funds to fast-track investment in new plants, as well as to upgrade existing plants, which will increase iodine production and further enhance cost control measures.

“In addition, the demand for our iodine products and the growing applications in this sector, means that we are committed to new product development, whilst eliminating the high interest term loan debt and reducing our overall debt under the Loan Notes 2020, which will strengthen the Group’s financial position.”

Enquiries:

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lofina plc

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About Iofina:

Iofina specialises in the exploration and production of iodine, halogen based specialty chemical derivatives and produced water. Iofina's business strategy is to identify, develop, build, own and

operate iodine extraction plants currently focused in North America, based on Iofina's WET® IOsorb® technology. Iofina has production operations in the United States, specifically in Kentucky and Oklahoma. It is a vertically integrated company, covering the process from the production of iodine in the field, to the manufacture of the chemical end-products derived from iodine, supplying them to the consumer, and the recycling of iodine using iodinated side-streams from waste chemical processes. Iofina utilises its portfolio of patented and patent-pending technology, and proprietary methods and trademarks throughout all business lines.

www.iofina.com

DEFINITIONS

The following definitions apply throughout the Circular unless the context otherwise requires:

"Accredited Investor"	such term as defined under Rule 501(a) of Regulation D under the Securities Act.
"Admission"	the admission of the New Ordinary Shares and the Debt for Equity Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules.
"AGM" or "Annual General Meeting"	the 2019 annual general meeting of the Company, notice of which is set out at the end of the Circular, and including any adjournment(s) thereof.
"AIM"	the market of that name operated by the London Stock Exchange.
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time.
"Application Form"	the application form accompanying the Circular pursuant to which Qualifying Non-CREST Shareholders may apply for Open Offer Shares in respect of the Open Offer.
"Articles"	the articles of association of the Company.
"Board" or "Directors"	the board of directors of the Company or any duly authorised committee thereof.
"Business Day" or "Business Days"	any day on which banks in London are open for normal banking business and the London Stock Exchange is open for trading.
"CA 2006"	the Companies Act 2006, as amended.
"Circular"	Circular dated 20 May 2019.
"Closing Price"	the closing middle market price of an Existing Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange.
"Company" or "Iofina"	Iofina plc a company incorporated in England and Wales with company number 05393357, whose shares (comprised of the Ordinary Shares) are traded on AIM under the symbol IOF.
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations).
"CREST Manual"	the compendium of documents entitled "CREST Manual" issued by Euroclear from time to time.
"CREST member"	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations).
"CREST participant"	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations).
"CREST payment"	has the meaning given in the CREST Manual.

"CREST Proxy Instruction"	the appropriate CREST message made to appoint a proxy, properly authenticated in accordance with Euroclear's specifications.
"CREST Regulations"	the Uncertificated Securities Regulations 2001, as amended.
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor.
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member.
"Debt for Equity Conversion"	the conditional debt for equity conversion, further details of which are set out in paragraph 2 of Part I of the Circular.
"Debt for Equity Shares"	the 20,449,355 new Ordinary Shares to be issued to Southern Rock pursuant to the Debt for Equity Conversion.
"Enlarged Share Capital"	the Ordinary Shares in issue immediately following Admission, comprising the Existing Ordinary Shares, the Placing Shares, the Subscription Shares and the Open Offer Shares (assuming that Qualifying Shareholders take up their Open Offer Entitlements in full).
"EU"	The European Union.
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST.
"Excess Application Facility"	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlement.
"Excess CREST Open Offer Entitlement"	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to such holder's Open Offer Entitlement credited to their stock account in CREST, pursuant to the Excess Application Facility, which is conditional on them taking up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of the Circular.
"Excess Open Offer Entitlement"	an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to their Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on them taking up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of the Circular.
"Excess Shares"	Open Offer Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility.
"Ex-entitlement Date"	the date on which the Existing Ordinary Shares are marked "ex" for entitlement under the Open Offer, being 20 May 2019.
"Existing Ordinary Shares"	the 127,569,398 Ordinary Shares in issue at the date of this announcement.
"FCA"	the Financial Conduct Authority in the UK or its successor from time to time.

"finnCap"	finnCap Ltd, nominated adviser and broker to the Company.
"Form of Proxy"	the form of proxy accompanying the Circular relating to the AGM.
"FSMA"	the Financial Services and Markets Act 2000, as amended.
"Fundraising"	together the Placing, the Subscription and the Open Offer and, where the context permits, the Debt for Equity Conversion.
"Group"	Iofina plc and its subsidiaries.
"Iofina Chemical"	Iofina Chemical, Inc., an indirectly held wholly-owned subsidiary of the Company, incorporated in the State of Delaware, US.
"Iofina Resources"	Iofina Resources, Inc., an indirectly held wholly-owned subsidiary of the Company, incorporated in the State of Colorado, US.
"Issue Price"	16 pence per New Ordinary Share and Debt for Equity Share.
"Loan Notes 2020"	the secured loan notes issued by the Company in principal amounts of US\$15,000,000 and US\$5,000,000 and issued to each of Stena and Southern Rock respectively; further details of which are set out in the RNS announcement made by the Company on 1 April 2019 (which can be seen on either the Company's website at www.iofina.com or the London Stock Exchange's website at www.londonstockexchange.com).
"London Stock Exchange"	London Stock Exchange plc.
"MAR"	the Market Abuse Regulation (<i>EU/596/2014</i>).
"Money Laundering Regulations"	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended.
"MT"	metric tonnes.
"New Ordinary Shares"	the Placing Shares, Subscription Shares and Open Offer Shares.
"Non-Qualifying Shareholders"	Shareholders who are resident or located in a Restricted Jurisdiction.
"Notice of Annual General Meeting"	the notice of Annual General Meeting, set out at the end of the Circular.
"Open Offer"	the conditional invitation made by the Company to Qualifying Shareholders to apply to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part III of the Circular and, where relevant, in the Application Form.
"Open Offer Entitlement"	the pro rata basic entitlement for Qualifying Shareholders to apply to subscribe for 1 Open Offer Share for every 10 Existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer.
"Open Offer Shares"	up to 12,756,939 New Ordinary Shares to be issued pursuant to the Open Offer.

"Ordinary Shares"	ordinary shares of 1 penny each in the capital of the Company.
"Overseas Shareholders"	all Shareholders resident outside of the United Kingdom including those in a Restricted Jurisdiction.
"Placees"	those persons procured by the Company who subscribe for Placing Shares pursuant to the Placing.
"Placing"	the conditional placing of the Placing Shares.
"Placing Agreement"	the conditional agreement dated 19 May 2019 between the Company and finnCap relating to the Placing.
"Placing Shares"	the 33,804,375 New Ordinary Shares to be issued to the Placees pursuant to the Placing.
"Prospectus Rules"	the Prospectus Rules made in accordance with EU Prospectus Directive 2003/71/EC.
"QIBs"	qualified institutional buyers as detailed in Rule 144A of the Securities Act.
"Qualifying CREST Shareholders"	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in uncertificated form.
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date are held in certificated form.
"Qualifying Shareholders"	all holders of Existing Ordinary Shares on the Record Date (whether or not such shares are held in uncertificated or certificated form) that are not Non-Qualifying Shareholders.
"Record Date"	6:00 p.m. on 16 May 2019.
"Registrars" or "Receiving Agent"	Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
"Regulation S"	Regulation S under the Securities Act.
"Regulatory Information Service"	has the meaning given in the AIM Rules.
"Resolutions" or "Resolution"	the resolutions (or any one of them) to be proposed at the Annual General Meeting which are set out in full in the Notice of Annual General Meeting.
"Restricted Jurisdiction" or "Restricted Jurisdictions"	any of the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations
"Securities Act"	the US Securities Act of 1933, as amended.
"Shareholders"	holders of Ordinary Shares.

"Southern Rock"	Southern Rock Insurance Company Limited, being one of the Company's secured lenders.
"Stena"	Stena Investment S.à.r.l., being one of the Company's secured lenders.
"Subscribers"	those Directors who subscribe for Subscription Shares pursuant to the Subscription.
"Subscription"	the conditional subscription of the Subscription Shares.
"Subscription Shares"	the 570,625 New Ordinary Shares to be issued to Subscribers pursuant to the Subscription.
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland.
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all other areas subject to its jurisdiction.
"USE"	an unmatched stock event.
"£" or "Sterling"	pounds sterling, the basic currency of the United Kingdom.
"US\$"	United States dollar, the legal currency of the United States.

TIMETABLE

2019

Record Date and time for entitlements under the Open Offer	6:00 p.m. on 16 May
Announcement of the Fundraising	7:00 a.m. on 20 May
Ex-entitlement date of the Open Offer	8:00 a.m. on 20 May
Posting of the Circular, Form of Proxy and Application Form (where applicable)	20 May
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	8:00 a.m. on 21 May
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4:30 p.m. on 6 June
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3:00 p.m. on 7 June
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3:00 p.m. on 10 June
Latest time and date for receipt of Forms of Proxy	9:00 a.m. on 11 June
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11:00 a.m. on 12 June
Annual General Meeting	9:00 a.m. on 13 June
Announcement of results of the Annual General Meeting and the Fundraising	13 June
Admission of the New Ordinary Shares and the Debt for Equity Shares to trading on AIM and commencement of dealings	8:00 a.m. on 14 June
CREST accounts to be credited for the New Ordinary Shares and the Debt for Equity Shares to be held in uncertificated form	14 June
Despatch of definitive share certificates for the New Ordinary Shares to be held in certificated form	by 21 June

Notes:

- (1) All references to time in this announcement are to London (UK) time unless otherwise stated.
- (2) The dates and times given in this announcement are based on the Company's current expectations and may be subject to change. If any of the above times or dates should change at the discretion of the Company, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.

If you have any queries please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Resolutions or give any financial, legal or tax advice.

FURTHER INFORMATION

1. Introduction

The Company announces the successful completion of a proposed placing and subscription with new and existing investors. A total of 33,804,375 Placing Shares and 570,625 Subscription Shares have been conditionally placed at a price of 16 pence per New Ordinary Share, raising gross proceeds of £5.5 million. The Company is also proposing to raise up to £2.04 million by way of the Open Offer which will be available to all Qualifying Shareholders on the Record Date. The Fundraising comprises the Placing, the Subscription and the Open Offer and, where the context permits, the Debt for Equity Conversion. For the avoidance of doubt, the Company will not receive any funds pursuant to the Debt for Equity Conversion.

The purpose of the Fundraising is to provide the Company with capital to accelerate its growth strategy, which shall include developing and constructing its IO#8 iodine processing plant, completing upgrades at its other plants, developing new products and reducing debt.

The Company is seeking Shareholder approval to grant the Directors authority to allot equity securities and to disapply statutory pre-emption rights in respect of an allotment of equity securities for cash in connection with the Fundraising.

The Placing, Subscription and Open Offer, together with the Debt for Equity Conversion, are each conditional upon the passing by Shareholders of the Resolutions applicable to each of these components at the AGM to be held at Dartmouth House, 37 Charles Street, Mayfair, London W1J 5ED at 9:00 a.m. on 13 June 2019 for the purposes of authorising the Directors to allot the Placing Shares, the Subscription Shares, the Open Offer Shares and the Debt for Equity Shares and to disapply statutory pre-emption rights in relation thereto (as applicable). The Placing and Subscription is conditional upon the Open Offer and the Debt for Equity Conversion occurring and the Open Offer and the Debt for Equity Conversion are conditional upon the Placing and Subscription occurring.

The purpose of this letter is to set out the background to, and the reasons for, the Fundraising. It explains why the Directors consider the Fundraising to be in the best interests of the Company and its Shareholders as a whole. It also highlights that the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the AGM, as they have undertaken to do in respect of their own beneficial holdings of Ordinary Shares.

Your attention is drawn to the Notice of Annual General Meeting contained at the end of the Circular and paragraphs 10 and 11 of this announcement which explain the action to be taken by you in relation to the AGM.

2. Background to and reasons for the Fundraising

Iofina, the second largest producer of iodine in North America, specialises in the exploration and production of iodine and manufactures other halogen-based derivatives at its specialty chemical company, Iofina Chemical.

Iofina has developed a proven IOsorb® technology to isolate iodine from produced water from oil and gas. Using extensive, proprietary geological knowledge, the Company is able to identify and utilise brine sources and it currently operates four plants at locations rich with brine. Iofina also operates Iofina Chemical, a specialty chemical business, which produces iodine products and speciality fluoro- and chloro- derivatives. Iofina Chemical sells these products directly into the market and achieved US\$24 million in revenue in 2018.

Approximately 36,000MT of iodine is currently consumed on a global basis and this figure is expected to grow 3-4 per cent. year-on-year. This, coupled with the reduction of output and closure of Chilean iodine mines in recent years, means that Iofina is in a strong position to accelerate its expansion plans, in order to benefit from the strengthening iodine market pricing and demand.

Iofina has identified areas for growth and improved capital efficiencies and will utilise the Fundraising estimated net proceeds of £7.24 million to deliver on this. First, the Company intends to replicate the

success of IO#7, its latest and most efficient iodine plant, with the construction of IO#8. Geological teams have identified multiple sites for IO#8 and negotiations are progressing for specific sites. Assets from IO#1 and IO#5, both dormant plants, will be utilised where possible, helping to minimise costs whilst focusing on expansion. The Directors believe that IO#8, together with additional sites, will expand production and deliver profit growth. Secondly, a proportion of the Fundraising estimated net proceeds will be utilised to reduce the Company's current debt, by paying down the outstanding US\$3.26 million owed to Stena under the term loan facility, and invest in new products.

Ultimately, the net proceeds of the Fundraising will allow Iofina to accelerate the increase in iodine production, boosting sales and earnings, which will facilitate the time in which the Company can pay down its debt, thus creating greater shareholder value.

Debt for equity conversion

In connection with the Fundraising, one of the Company's secured lenders, Southern Rock, has agreed to convert 75 per cent. of its aggregate principal amount of US\$5,000,000 outstanding and owing to it under the Loan Notes 2020, including capitalised and unpaid interest thereon as at 31 December 2018 of US\$592,986, for equity in the Company, namely the Debt for Equity Shares, at the Issue Price. The amount being converted pursuant to the Debt for Equity Conversion is approximately US\$4.19 million. The Debt for Equity Conversion is conditional on the passing of the Resolution relevant to the Placing and Subscription. On the passing of the Resolution relevant to the Placing and the Subscription, the Debt for Equity Shares shall be allotted and issued to Southern Rock. The issue and allotment of the Debt for Equity Shares can occur under the Company's existing share authorities, as approved by Shareholders at the Company's 2018 annual general meeting.

An exchange rate of US\$1.00/£0.78 was used for the Debt for Equity Conversion, being the prevailing rounded exchange rate shown by Bloomberg L.P. as at approximately 8:00 a.m. on 17 May 2019. Subject to the passing of the Resolutions relevant to the Placing and Subscription and the Debt for Equity Conversion, the aggregate amount of approximately US\$4.19 million shall be converted into the Debt for Equity Shares at the Issue Price, being 20,449,355 new Ordinary Shares.

Subject to the Placing, Subscription and Debt for Equity Conversion occurring, the Company will be able to significantly reduce its debt exposure. The Company's current debt is comprised of approximately US\$22.37 million under the Loan Notes 2020 (which is comprised of a principal amount of US\$20 million and capitalised and unpaid interest thereon as at 31 December 2018 of approximately US\$2.37 million) and approximately US\$3.26 million under the term loan facility, being an aggregate of approximately US\$25.63 million. Assuming the Placing, Subscription and Debt for Equity Conversion all occur, the Company will be able to reduce its debt to approximately US\$18.18 million. The remaining debt would be comprised of the Loan Notes 2020 held by Stena and the reduced balance of the Loan Notes 2020 held by Southern Rock (pursuant to which an interest rate of 7.5 per cent per annum is payable).

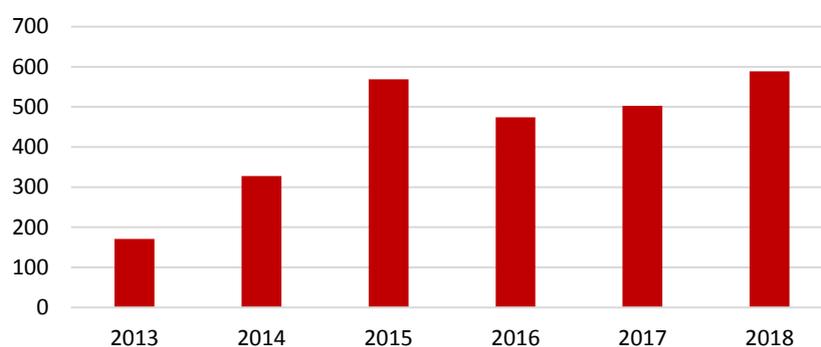
The Directors consider that the potential long-term value creation benefit to Shareholders arising from the Debt for Equity Conversion outweighs the dilutive effects of the issue of the Debt for Equity Shares.

Current trading and outlook

Iofina Resources

In 2018, Iofina Resources saw crystalline IOflo® iodine production climb by 17 per cent. from 503MT to 588.8MT. This increase was a result of the improved efficiencies and the commissioning of the IO#7 plant. In the second half of 2018, the Group achieved record Iodine production of 324.7MT, which was an increase of 23 per cent. over the first half of the year.

Iofina Crystalline IOflo® Iodine Produced in Metric Tonnes



The Company's largest iodine producing plants are tied into the main brine line system instead of the individual injection well. The commissioning of IO#7 was one of the highlights of 2018, which was achieved on budget and was coupled with the site's quick progress to profitability. This was achieved with improved overall safety policies, pre-job safety requirements, and industrial hygiene controls. Additional procedures have been implemented in the field to instil a culture of safety and to ensure a healthy and environmentally sustainable workplace. As in previous years, the second and third quarters of 2018 generated the highest volume of iodine production due to improved weather conditions and iodine recovery efficiencies. As of December 2018, IO#7 became the highest producing plant.

Iofina's geological team has identified numerous opportunities for growth. Areas close to the Company's current plants, as well as locations outside of the core area, have been identified and are under consideration. The implementation of IO#7 is being used internally as a model for future iodine plant development.

Iofina Chemical

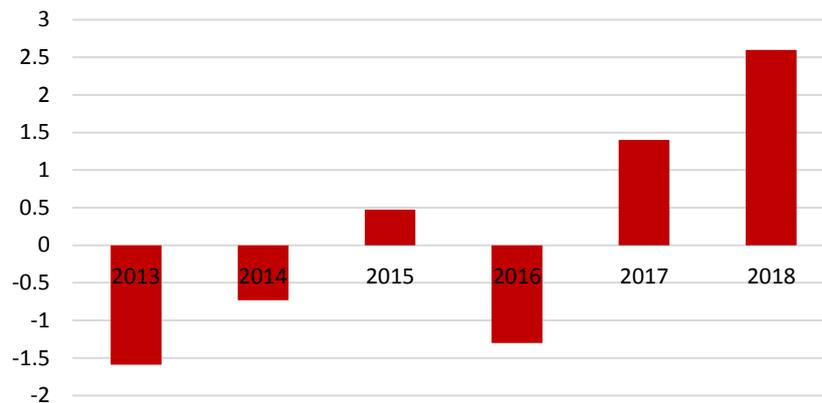
2018 was one of the most successful years in the history of Iofina Chemical. The continued strengthening of the iodine markets, coupled with robust sales, resulted in a very positive year. Iofina Chemical produced new and innovative compounds that it had not previously produced, and it continued to add testing equipment to increase productivity.

The Group expanded an iodine-related product to double capacity per working shift along with certain product lines going to 24-hour production as those products continue to grow. An excellent sales mix, along with meeting budgeted operational expenses, resulted in strong earnings. Iofina Chemical continued to expand its internal research and development through hiring new talent in 2018.

New product offerings continued to gain strength with improved margins and more robust potential uses. A significant new product for Iofina Chemical was developed in 2018 and has come to the forefront in 2019 as it scales up for this major project. Non-iodine products continue to grow along with diversification to the specialty chemical business.

Iofina Chemical's robust performance in 2018 enabled the Group to achieve record EBITDA of US\$2.6 million, up 89 per cent. on 2017. Looking ahead, 2019 is expected to be a particularly strong year for Iofina Chemical, due to the continued rising demand of the iodine market and predicted continued growth of niche products.

EBITDA in Millions USD



lofinaEX

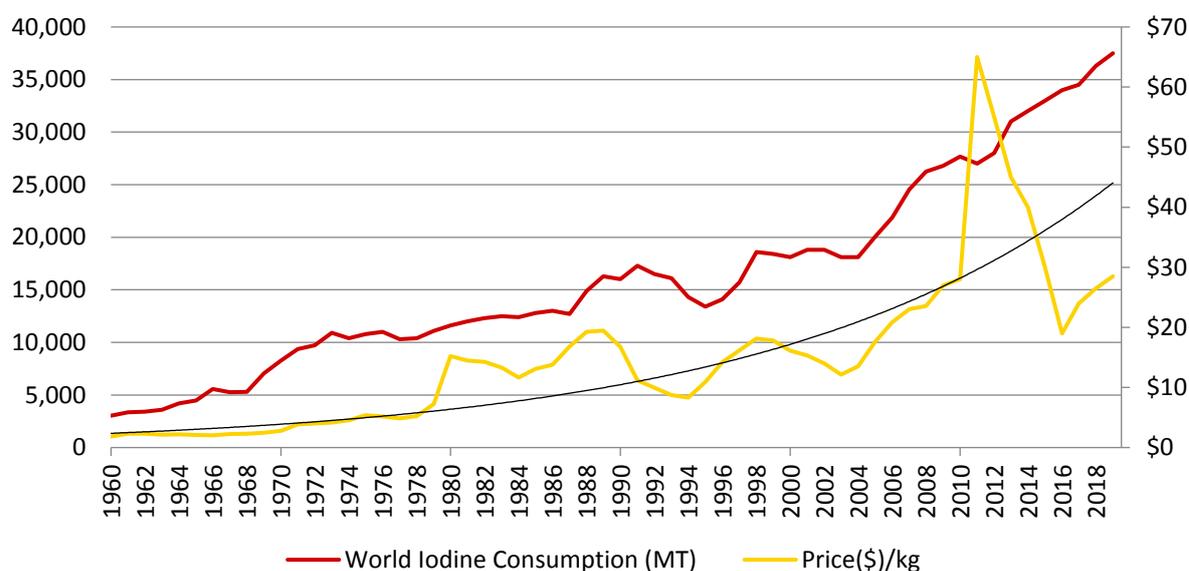
The Company recently applied for a handler/processor licence under the Industrial Hemp Program in the Kentucky Office of Agriculture. The Company anticipates it will receive approval of this licence in Q2 2019 which will allow its newly created business unit, IofinaEX, to examine whether the extraction of cannabinoids is a viable, commercial project for the Group. The Company intends to use its expertise in specialty chemicals together with its readily available laboratories and production facilities in Kentucky to examine this business opportunity quickly but with limited capital expenditure.

Iodine market

Iodine pricing continues to be well below historical levels but improved again throughout 2018. Typical pricing late in 2018 for large purchases of prilled iodine ended near US\$26/kg. This is a significant increase in the past two years (~30 per cent.) as spot prices in early 2017 for iodine were approximately US\$20/kg.

Iodine and iodine derivatives are essential for life and industry. Human health applications are the largest consumers of iodine-based products. The largest global use of iodine is in the area of X-ray contrast media formulations. This constitutes about one-fourth of the total uptake of iodine and continues to grow as global health care improves. Other direct human health applications of iodine and iodine compounds include: pharmaceuticals, human nutrition (thyroid control, goiter prevention), and antiseptics (PVPI), LCD screen polarizing films, animal health and nutrition, biocides, industrial catalyst applications, and use in nylon as a heat stabilising agent.

World Production and Average Price (1960-2018, + Trendline)



The worldwide market for iodine in 2018 was over 36,000MT. Newer applications such as emission control industries and demand growth related human health applications, as well as the LCD market, resulted in higher consumption of iodine products.

The Group believes that iodine prices are likely to rise further in 2019 as demand continues to grow at a modest pace. Iodine prices in Q1 2019 moved higher relative to late 2018 and this trend, of a modest increase in pricing, has continued in Q2 2019. There are market indications that global iodine supply remains tight relative to demand. Increased capacity initiatives at the world's largest iodine producer may have an impact on global supply in the future. However, the Board anticipates that prices shall continue to rise.

Outlook

2018 was a strong operational year for the Group, in which Iofina successfully executed expansion with the opening of IO#7. The Board believes that the Group can expand its iodine production quicker and with less initial capital expenditure compared against its competitors. The Directors are committed to expanding iodine production in a prudent manner and being highly selective in choosing locations for new facilities as determined by the Group's geological and business development teams. The iodine market continues to strengthen and any increase in iodine prices will directly benefit the Group, specifically as a result of additional iodine production. Development of new, niche specialty chemical products is also a focus of the Group moving forward.

The Group's strong operational gearing means that any increases in iodine production or price will have a quick and tangible benefit on the Company's profitability.

3. Details of the Placing

The Company has conditionally raised approximately £5.4 million by way of a placing of the Placing Shares at the Issue Price.

The Placing Shares represent approximately 26.5 per cent. of the Company's issued share capital as at 17 May 2019 (being the latest practicable date prior to the publication of the Circular) and shall represent approximately 17.3 per cent. of the Enlarged Share Capital assuming no other issuances of Ordinary Shares prior to Admission. The Issue Price represents a discount of approximately 15.8

per cent. to the Closing Price of 19 pence per Ordinary Share on 17 May 2019, being the last practicable date prior to the announcement of the Fundraising.

In order to broaden the Company's institutional shareholder base and to minimise the time and transaction costs of the Placing, the Placing Shares have been placed by finnCap with a limited number of new institutional shareholders. The Placing Shares are not being made available to the public. The Directors consider that the potential long-term value creation benefit to Shareholders arising from the application of the Placing proceeds (less those expenses incurred in connection with the Fundraising) outweighs the dilutive effects of the Placing.

Placing Agreement

On 19 May 2019, the Company and finnCap entered into the Placing Agreement, pursuant to which the Company appointed finnCap as the Company's agent to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing is not being underwritten by finnCap. The Company has agreed to pay finnCap certain commissions and fees in connection with its appointment.

The Placing is conditional, amongst other things, on:

- the passing of Resolution 8 to be proposed at the AGM pursuant to which the Debt for Equity Conversion shall become unconditional;
- the Placing Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and
- Admission of the Placing Shares and Subscription Shares occurring on or before 8:00 a.m. on 14 June 2019 (or such later time and/or date as the Company and finnCap may agree, being not later than 8:00 a.m. on 28 June 2019).

The Placing Agreement contains certain customary warranties given by the Company concerning the accuracy of information given in the Circular and the announcement made by the Company in respect of the Fundraising as well as other matters relating to the Group and its business. The Placing Agreement is terminable by finnCap in certain circumstances prior to Admission, including for force majeure or in the event of a material adverse change to the business of the Company or the Group. The Company has also agreed to indemnify finnCap against all losses, costs, charges and expenses which it may suffer or incur as a result of, occasioned by or attributable to the carrying out of its duties under the Placing Agreement in respect of the Placing Shares.

The Placing Shares will, when issued, be subject to the Articles, be credited as fully paid and rank *pari passu* in all respects with each other and with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the Ordinary Shares after the date of issue of the Placing Shares.

4. Details of the Subscription

The Company has conditionally raised £91,300 by way of a subscription for the Subscription Shares at the Issue Price.

The Subscription Shares represent approximately 0.4 per cent. of the Company's issued share capital as at 17 May 2019 (being the latest practicable date prior to the publication of the Circular) and will represent approximately 0.3 per cent. of the Enlarged Share Capital assuming no other issuances of Ordinary Shares prior to Admission.

The Subscription Shares have been subscribed for directly by the Subscribers. The Subscription Shares are not being made available to the public. The Directors consider that the potential long-term value creation benefit to Shareholders arising from the application of the net Subscription proceeds (less those expenses incurred in connection with the Fundraising) outweighs the dilutive effects of the Subscription.

The Subscription is conditional, amongst other things, on:

- the passing of Resolutions 8 to be proposed at the AGM pursuant to which the Debt for Equity Conversion shall become unconditional; and
- Admission of the Placing Shares and the Subscription Shares occurring on or before 8:00 a.m. on 14 June 2019 (or such later time and/or date as the Company and finnCap may agree, being not later than 8:00 a.m. on 28 June 2019).

The Subscription Shares will, when issued, be subject to the Articles, be credited as fully paid and rank *pari passu* in all respects with each other and with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the Ordinary Shares after the date of issue of the Subscription Shares.

5. Details of the Open Offer

The Board recognises and is grateful for the continued support received from Shareholders and has therefore decided to provide an opportunity for all existing Qualifying Shareholders to participate in a further issue of new Ordinary Shares to raise up to approximately £2.04 million at the Issue Price by way of the Open Offer.

The Open Offer is being made so as to enable all Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on a pro rata basis to their current holdings and with the option for increasing their allocation pursuant to an Excess Application Facility.

The Open Offer has been structured so that it is not available to Non-Qualifying Shareholders, being Shareholders resident or located in any Restricted Jurisdiction. The Open Offer is conditional on the Placing and Subscription being approved.

Structure

The Directors have considered the best way to structure the Open Offer, having regard to, *inter alia*, the importance of pre-emption rights to all Shareholders, the extent to which there are Overseas Shareholders, the regulatory requirements applicable to companies listed on AIM, cost implications and market risks. After considering these factors, the Directors have concluded that the most suitable structure for the Open Offer, for both the Company and its Shareholders as a whole, is that the Open Offer be made only to Qualifying Shareholders who are not resident or located in any Restricted Jurisdiction.

The Open Offer provides an opportunity for all Qualifying Shareholders to acquire Open Offer Shares pro rata to their current holdings of Existing Ordinary Shares as at the Record Date with the option for subscribing for more shares pursuant to the Excess Application Facility. The Issue Price for the Open Offer is the same as the Issue Price for the Placing and Subscription. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Principal terms of the Open Offer

The Open Offer is conditional on:

- the passing of Resolution 8 to be proposed at the Annual General Meeting; and
- Admission of the Open Offer Shares occurring on or before 8:00 a.m. on 14 June 2019 (or such later time and/or date as the Company and finnCap may agree, being not later than 8:00 a.m. on 28 June 2019).

Accordingly, if any of such conditions are not satisfied, the Open Offer will not proceed. It is a condition of the Open Offer that the Placing and Subscription also proceed.

Further terms of the Open Offer are set out in Part III of the Circular and in the Application Form.

Subject to the fulfilment of the conditions referred to above and set out below and also set out in Part III of the Circular, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at the Issue Price per Open Offer Share, pro rata to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

1 Open Offer Share for every 10 Existing Ordinary Shares held

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlement through the Excess Application Facility. Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise gross proceeds of approximately £2.04 million for the Company. The Open Offer is not being underwritten. The Open Offer Shares will, upon issue, rank *pari passu* with the Existing Ordinary Shares.

Fractions of Open Offer Shares will not be allotted. The terms of the Open Offer provide that each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

It should be noted that the Open Offer is not a rights issue. Accordingly, the Application Form is not a document of title and cannot be traded.

Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for an Excess Open Offer Entitlement. Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4 of Part III of the Circular for information on how to apply for Excess Open Offer Entitlement pursuant to the Excess Application Facility.

Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST by 8:00 a.m. on 14 June 2019. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying Non-CREST Shareholders will receive an Application Form with the Circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements by 21 May 2019. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by

virtue of a *bona fide* market claim. If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Open Offer Entitlements will immediately lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part III of the Circular and on the Application Form.

For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post using the reply-paid envelope provided to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11:00 a.m. on 12 June 2019. For Qualifying CREST Shareholders, the relevant CREST instructions must have been settled as explained in the Circular by no later than 11:00 a.m. on 12 June 2019.

Other information relating to the Open Offer

The Open Offer will result in the issue of in aggregate 12,756,939 Open Offer Shares, assuming full take up under the Open Offer (representing approximately 6.5 per cent. of the Enlarged Share Capital). The Open Offer Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued. Following the issue of the Open Offer Shares pursuant to the Open Offer (and assuming that the Open Offer is taken up in full), Qualifying Shareholders who do not subscribe for any of their Open Offer Entitlements will suffer a dilution of approximately 5.2 per cent. to their interests in the Company, as a result of the Fundraising.

6. Action to be taken in respect of the Open Offer

Qualifying Non-CREST Shareholders

If you are a Qualifying Non-CREST Shareholder you will have received an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement or both your Open Offer Entitlement and any Excess Open Offer Entitlements), you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4 of Part III of the Circular and on the Application Form itself.

Qualifying CREST Shareholders

If you are a Qualifying CREST Shareholder and do not hold any Ordinary Shares in certificated form, no Application Form accompanies the Circular and you will instead receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are a Non-Qualifying Shareholder or an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Jurisdiction. Applications by Qualifying CREST Shareholders for Excess Open Offer Entitlements in excess of their Open Offer Entitlements should be made in accordance with the procedures set out in paragraph 4 of Part III of the Circular.

The latest time for applications under the Open Offer to be received is 11:00 a.m. on 12 June 2019. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

The procedures for application and payment are set out in Part III of the Circular. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with the Circular and the Open Offer.

Notice to Overseas Shareholders

Information for Overseas Shareholders who have registered addresses outside the UK or who are citizens or residents of countries other than the UK appears in paragraph 6 of Part III of the Circular, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to paragraph 6 of Part III of the Circular.

None of the Placing Shares, Subscription Shares or Open Offer Shares have been, nor will be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States to, or for the account or benefit of, a US person (as that term is defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other applicable state securities laws.

Accordingly, the Subscription Shares are being offered only: (i) outside the United States in reliance upon Regulation S under the Securities Act in offshore transactions; or (ii) to QIBs or Accredited Investors in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case to investors who will be required to make certain representations to the Company and others prior to the investment in the Subscription Shares and, to the extent applicable, the Placing Shares and Open Offer Shares.

Until 40 days after Admission, an offer or sale of the Subscription Shares, Placing Shares or Open Offer Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an available exemption from registration under the Securities Act.

None of the Subscription Shares, Placing Shares or Open Offer Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of the Fundraising or the accuracy or adequacy of the Circular. Any representation to the contrary is a criminal offence in the United States.

7. Admission, settlement and CREST

Application will be made to the London Stock Exchange for Admission of the New Ordinary Shares and the Debt for Equity Shares to trading on AIM. It is expected that, subject to the passing of the Resolutions applicable to the Placing, Subscription, Open Offer and Debt for Equity Conversion at the Annual General Meeting, Admission will become effective at 8:00 a.m. on 14 June 2019 (or such later date as the Company and finnCap may agree, being not later than 8:00 a.m. on 28 June 2019) and that dealings in the New Ordinary Shares and the Debt for Equity Shares will commence at that time.

The Articles permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form. The Existing Ordinary Shares are already admitted to CREST and therefore the New Ordinary Shares and the Debt for Equity Shares will also be eligible for settlement in CREST. CREST is a voluntary system and subscribers of the New Ordinary Shares who wish to retain certificates will be able to do so upon request. The New Ordinary Shares due to uncertificated holders are expected to be delivered in CREST on 14 June 2019.

8. Working capital

The Company is of the opinion that, taking into account the net proceeds of the Fundraising, the working capital available to the Group will be sufficient for the Group's present requirements, that is, for at least the next 12 months following the publication of the Circular.

9. Related party transaction

The Subscribers have subscribed for the following Subscription Shares:

<i>Subscriber</i>	<i>Role</i>	<i>No. of Subscription Shares subscribed for</i>	<i>Value at the Issue Price (£)</i>
Lance Baller	Non-Executive Chairman	312,500	50,000
Thomas Becker	Chief Executive Officer and President	93,750	15,000
Malcolm Lewin	Chief Financial Officer	93,750	15,000
William Bellamy	Non-Executive Director	46,875	7,500
J. Frank Mermoud	Non-Executive Director	23,750	3,800

Given that all the Directors are participating in the Fundraising, there are no independent Directors of the Company. finnCap, the Company's nominated adviser, considers that the terms of subscription for the Subscription Shares by the Directors (in the proportions set out above) are fair and reasonable insofar as Shareholders are concerned.

10. Annual General Meeting

The Directors require the authority of Shareholders in order to allot the Placing Shares and the Subscription Shares for cash free of statutory pre-emption rights. Given the time of year, and because the Company has recently published its annual report for the year ended 31 December 2018, the Directors believe it to be in the best interests of the Company and Shareholders as a whole, principally due to associated time and cost savings, to propose the Resolution specific to the Placing and the Subscription at the same time as those Resolutions which are typically, or otherwise required to be, tabled at annual general meetings of the Company.

You will therefore find at the end of the Circular Notice of the Annual General Meeting to be held at Dartmouth House, 37 Charles Street, Mayfair, London W1J 5ED on 13 June 2019 at 9:00 a.m. for the following purposes:

11. Recommendation

The Directors believe that the Fundraising will promote the success of the Company for the benefit of Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting, as each Director (being a Shareholder) intends to do in respect of their own beneficial holdings, amounting to (in aggregate) 4,500,000 Ordinary Shares and thereby representing 3.53 per cent. of the share capital of the Company at the date of the Circular.

Shareholders are reminded that the Fundraising is conditional, amongst other things, on the passing of the relevant Resolutions to be proposed at the AGM (as more fully explained at paragraph 10 of this letter). Accordingly, the Open Offer is conditional upon the Placing and Subscription proceeding, which means that should the Placing and Subscription not proceed, neither shall the Open Offer. Further, the Debt for Equity Conversion is conditional upon the Placing and Subscription proceeding, which means that should the Placing and Subscription not proceed, neither shall the Debt for Equity Conversion. Shareholders should be aware that should the relevant Resolutions not be passed and the proceeds of the Fundraising not be received by the Company and should it be unable to raise additional capital, in sufficient amounts and on terms acceptable to the Company, the Company would need to pursue additional or alternative funding sources which, if they are available at all, may be expensive and/or onerous for the Company and could risk leading to substantial dilution for Shareholders, and which may require the Company to significantly delay, scale back or discontinue certain operational activities.